

FY 2006 Annual Program Performance Measures

DEPARTMENT: MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH

APPROPRIATION UNIT: Michigan Tax Tribunal **PROGRAM:** Michigan Tax Tribunal

TIMELINE: October 1, 2006 through September 30, 2007.

PROGRAM MISSION STATEMENT

We will provide all citizens with the opportunity to resolve state and local tax disputes at a fair and impartial hearing and to receive a timely written, quality decision that is based on the evidence submitted and the law.

PROGRAM STATEMENT

The Tribunal is a Type 1 administrative court. (See MCL 205.721.) Like other courts, the Tribunal conducts hearings and renders written decisions based on the law and evidence properly submitted by all parties. The Tribunal has original and exclusive jurisdiction over property tax matters (i.e., valuations, special assessments, principal residence exemptions, qualified agricultural exemptions, etc.). (See MCL 205.731.) The Tribunal also has jurisdiction over non-property tax matters (i.e., assessments levied by the Michigan Department of Treasury), but shares its jurisdiction over non-property tax matters with the Ingham County Circuit Court in its capacity as the Court of Claims. (See MCL 205.22.)

NOTE: The Tribunal is divided into two divisions - the Entire Tribunal and the Small Claims Division. Any and all cases over which the Tribunal has subject matter jurisdiction may be filed in the Entire Tribunal, with the exception of principal residence and qualified agricultural exemption appeals. (See MCL 205.731, 211.7cc, and 211.7ee.) Only certain cases may be filed in the Small Claims Division. (See MCL 205.762.)

FUND SOURCE:

State Restricted Fees

LEGAL BASIS:

Public Act 186 of 1973 (MCL 205.701 through 205.800)
Rules of Practice and Procedure (R 205.1101 through R 205.1348)

CUSTOMER IDENTIFICATION:

Customers – taxpayers and units of government, both state and local
Stakeholders – the Governor, the Legislature, and various associations (i.e., Michigan Assessors' Association, Michigan Township Association, Michigan Municipal League, State Bar of Michigan, Michigan Association of Certified Public Accountants, etc.)

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CRITICAL GOALS/MAJOR OBJECTIVES

Program Goals:

1. We will shorten the time frame from initial filing to resolution by –
 - a. Improving the processing of appeals to increase the number of scheduled prehearing conferences and hearings.

Highlight Status Gr Green	Comment: We continue to strive to meet this goal. Staff makes effort to run the appropriate lists to identify ripe cases and schedule prehearing conferences and hearings for these cases based on the availability of both Tribunal members and SOAHR hearing officers.
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- b. Improving the management of individual caseloads to reduce the time frames for rendering decisions.

Highlight Status Gr Green	Comment: We continue to strive to meet this goal as it is associated with the above goal. We work with Tribunal judges to track their caseloads and assign support staff when necessary or as requested.
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2. We will improve our customers' perception of the Tribunal as an impartial, professional, and hard-working legal body with specialized knowledge.

Highlight Status Gr Green	Comment: We continue to work on this goal through participation in meetings with stakeholder groups to discuss the Tribunal's vision and the conducting of classes on Tribunal practice and procedure.
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3. We will improve tracking of appeal processing, issuing of reports, and management of caseloads and customer relations to facilitate compliance with Tribunal goals.

Highlight Status Gr Green	Comment: We monitor the processing and resolution of appeals on a weekly basis and allocate additional staff to address processing issues, as needed. We meet with judges monthly to discuss caseloads and assign support staff for assistance, as needed or requested. We respond to telephone and e-mail contacts and written correspondence to the extent permitted by MCL 205.725. Telephone and e-mail contacts are typically handled the same day, while written correspondence is handled within one week of receipt.
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PROCESSES/SERVICES

The Tribunal's processes and services are being improved through our participation in programs relating to trial court operations and disposition standards and constant communication with our customers and stakeholders regarding these and other issues.

Program Effectiveness (Current Year)

- Program Goals/Metrics
See **attached** examples (Table A and Table B).
- Performance Measures
Timeliness, Accuracy and Customer Satisfaction as applied to the processing of appeals and the rendering of decisions.
- Program Improvements Made
 1. Streamlining Processes Through Simplification – The Tribunal continues to work to improve internal processing procedures. These efforts include: simplifying small claims petition forms and making small claims answer forms that are available on the Tribunal's website “fill-able.”
 2. Streamlining Processes Through Litigant Choice – The Tribunal changed its internal processes for scheduling cases from a “master calendar” system that processed cases in groups, to a more individualized processing system. Under the new system, “proposed” scheduling orders are sent to the parties upon the filing of an appeal. This process provides the parties with an opportunity to assist in the management of their appeal by allowing them to propose key dates for the processing of the appeal. The Tribunal reviews the proposed schedule and, if appropriate, issues an order adopting the schedule, as proposed. These Scheduling Orders eliminate motions for extension of time and adjournments, and reduce the time and expenses for the parties and the Tribunal. As the 2006-2007 fiscal year was the first time the Tribunal utilized this new process, the Tribunal is working to eliminate unforeseen problems and improve timeliness and efficiency.
 3. Streamlining Process Through Legislation – The Legislature introduced a series of Tribunal bills that will provide litigants greater choice in litigation and offered a facilitative mediation program to litigants. The legislation allows litigants to utilize a “telephonic hearings” procedure instead of traveling to a distant location. The facilitative mediation proposal would require the Tribunal to certify “tax specialist mediators” for use in any tax dispute. Under the proposal, litigants would be free to pick their own mediator from the list of certified mediators and have the case determined through mediation. The legislation has been passed by the House of Representatives and is pending before the State Senate.

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- **Human Resources**

- Employee Meetings – We conduct monthly staff meetings and monthly meetings with Tribunal judges to discuss proposed changes and the progress of implemented changes.
- Management Meetings – We conduct weekly meetings with executive staff, administrative support staff, and clerical staff to discuss management and processing issues, targets, case assignments, and staff utilization.
- Process Manual – We perform an on-going review of current internal procedures and processing standards. As procedures and standards change, the staff manual is updated.
- Tribunal Judge Manual – Tribunal members began work on a manual for “new” judges with the goal of acclimating new judges to the Tribunal faster.

PROGRAM IMPROVEMENT PLAN FOR FY08:

- **Stakeholder Services:**

Tribunal Rules – The Tribunal is working on finalizing proposed administrative rule amendments that will be forwarded to the State Office of Administrative Hearings and Rules to begin promulgation. The proposals incorporate best practices from other tax courts and provide greater litigant choice and clarity regarding Tribunal procedures.

Internal Processes:

- Scheduling Orders – The Tribunal will continue to improve the processes utilized with the new scheduling orders.
- Position Evaluations – The Tribunal continues to reevaluate all job functions to improve the efficiency of each FTE.

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CHALLENGES FACING THE TRIBUNAL:

- Caseload Increase – The number of small claims cases filed during the 2006-07 fiscal year was 9,437. This is the largest number of small claims cases filed in a single year since the 1993-94 fiscal year; in other words, since enactment of Proposal A. Moreover, this is more than a 3,400 case increase over the previous fiscal year and the fifth highest year ever. From all accounts, it appears as though the number of small claims filings will be similar this fiscal year. The number of entire tribunal cases filed during the 2006-07 fiscal year was 3,046. This is the second largest number of entire tribunal cases ever filed.
- Backlog increase – At the end of the 2005-06 fiscal year, there were 8,352 pending small claims cases. Of these, 7,026 were active. (Cases are not active if there is a stipulation pending in that case, if the case is in abeyance, if the case has been consolidated, etc.) At the end of the 2006-07 fiscal year, this number had increased to 12,896 pending cases, of which 11,640 cases were active.

At the end of the 2005-06 fiscal year, there were 6,815 pending entire tribunal cases. Of these, 3,835 were active cases. At the end of the 2006-07 fiscal year, the number of pending cases decreased to 6,724, while the number of active cases increased to 4,473.

- Fees not increased since 1974 – The Tax Tribunal has never had a fee increase; the fees that were established in the Tribunal's original administrative rules remain in place.
- Staffing below necessary level – The Tax Tribunal currently has 10 support staff, including the Deputy Chief Clerk. There is also one vacant position. These 10 people are responsible for performing all of the Tribunal's clerical and administrative support functions, including answering the telephone, opening the mail, entering information on the Tribunal's case docketing system, mailing forms, copying opinion and judgments and mailing them, preparing a courtroom for a hearing, proofreading documents, scheduling hearings, filing, etc.

Each small claims case initially involves, at a minimum, five documents. This means that during the last fiscal year, the three staff members who are assigned to the small claims division were expected to process approximately 47,000 documents (15,600 each) during "filing season" (a matter of a few months). At the same time, these three people were required to make corresponding entries in the Tribunal's docketing system. Because it was physically impossible to complete this work, temporary workers were hired. While this helped speed up processing, the quality of the work suffered and mistakes are still being corrected.

Similarly, each entire tribunal case initially involves, at a minimum, four documents. This means that during the last fiscal year, the two staff members who are assigned to the entire tribunal division were expected to process approximately 12,200 documents and to make corresponding docket entries during filing season. Again, because it was physically impossible for staff to complete this work, temporary employees were hired. As noted above, while this helped speed up processing, the quality of the work suffered and mistakes are still being corrected.

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Even if the one vacant position is filled, there simply is not enough staff to process the work in a timely manner. This would be the situation even if filings were not at record highs.

Moreover, it is increasingly difficult to attract and retain qualified people to be Tribunal members. This is particularly true for the Assessor position. The Tax Tribunal statute requires that one member of the Tribunal be a level IV assessor. (MCL 205.722) Salaries paid to level IV assessors are typically much higher than that paid to Tribunal members. Additionally, Tribunal members are paid less than the Chief Clerk and the administrative law judges whose work they oversee.

- Succession planning – During the last two years, the Tribunal has made a concerted effort to cross-train staff so that more than one person can perform any one function. Without this ability, certain work would not be performed during vacations, illnesses and staff turnovers.

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TABLE A
Small Claims Filings/Dispositions
Through Fiscal Year Ending 9/30/2007

FISCAL YEAR	Property Appeals	Affidavit Appeals	Non-property Appeals	TOTAL FILINGS	Decisions	Consent Judgments (CJs)		Dismissals	TOTAL DISPOSITIONS
						<i>Stipulations Received</i>	<i>CJs Entered</i>		
06-07 (As of 9.30.07)	8,345	668	424	9,437	1,153	932	882	2,574	4,609
05-06 (As of 9.30.06)	4,926	804	309	6,039	1,691	959	980	3,105	5,776
04-05 (As of 9.30.05)	4,671	1,036	288	5,995	892	1,051	1,088	3,431	5,411
03-04 (As of 9.30.04)	4,066	1,771	343	6,180	1,174	892	741	3,420	5,335
02-03 (As of 9.30.03)	5,453	295	318	6,066	1,092	648	603	3,608	5,303
01-02 (As of 9.30.02)	5,215	402	305	5,922	1,356	N/A	1,023	3,781	6,160
00-01 (As of 9.30.01)	6,001	579	417	6,997	1,809	N/A	1,915	4,132	7,856
99-00 (As of 9.30.005)	4,163	397	422	4,982	1,297	N/A	701	2,628	4,626
98-99 (As of 9.30.99)	5,427	740	506	6,673	1,904	N/A	1,664	5,698	9,266
97-98 (As of 9.30.98)	4,958	1,118	448	6,524	998	N/A	2,350	4,518	7,866
96-97 (As of 9.30.97)	6,767	N/A	313	7,080	N/A	N/A	N/A	N/A	7,814
95-96 (As of 9.30.96)	N/A	N/A	N/A	7,149	N/A	N/A	N/A	N/A	N/A
94-95 (As of 9.30.95)	7,860	N/A	334	8,194	N/A	N/A	N/A	N/A	N/A
93-94 (As of 9.30.94)	13,746	N/A	491	14,237	7,919	N/A	5,616	14,874	28,409
92-93 (As of 9.30.93)	27,331	N/A	361	27,692	4,837	N/A	2,019	3,977	10,833
91-92 (As of 9.30.92)	4,782	N/A	181	4,963	3,578	N/A	3,001	6,857	13,436
90-91 (As of 9.30.91)	15,609	N/A	203	15,812	1,877	N/A	1,040	8,345	11,262

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9.30.91)										
89-90 (As of 9.30.90)	8,180	N/A	340	8,520		928	N/A	596	1,434	2,958
88-89 (As of 9.30.89)	7,781	N/A	452	8,233		2,006	N/A	927	3,869	6,802
87-88 (As of 9.30.88)	6,952	N/A	452	7,404		3,080	N/A	891	4,323	8,294
86-87 (As of 9.30.87)	5,513	N/A	438	5,951		2,141	N/A	737	4,050	6,928
85-86 (As of 9.30.86)	4,961	N/A	390	5,351		1,987	N/A	769	2,502	5,258
84-85 (As of 9.30.85)	5,159	N/A	175	5,334		3,551	N/A	1,071	4,514	9,136
83-84 (As of 9.30.84)	5,312	N/A	224	5,536		2,469	N/A	1,067	4,401	7,937
82-83 (As of 9.30.83)	8,191	N/A	556	8,747		2,773	N/A	1,741	7,166	11,680
81-82 (As of 9.30.82)	13,675	N/A	382	14,057		2,237	N/A	1,166	1,040	4,443
80-81 (As of 9.30.81)	7,248	N/A	501	7,749		2,881	N/A	1,056	4,534	8,471
79-80 (As of 9.30.80)	7,275	N/A	8	7,283		1,809	N/A	724	2,775	5,308
78-79 (As of 9.30.79)	4,080	N/A	50	4,130		2,111	N/A	606	1,907	4,624
77-78 (As of 9.30.78)	4,566	N/A	529	5,095		3,320	N/A	743	3,776	7,839
76-77 (As of 9.30.77)	N/A	N/A	N/A	16,559		N/A	N/A	N/A	N/A	14,926
75-76 (As of 9.30.76)	N/A	N/A	N/A	4,806		N/A	N/A	N/A	N/A	5,520
74-75 (As of 9.30.75)	N/A	N/A	N/A	6,086		N/A	N/A	N/A	N/A	5,174

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TABLE B
Entire Tribunal Filings/Dispositions
Through Fiscal Year Ending 9/30/07

FISCAL YEAR	Property Appeals	Non-property Appeals	TOTAL FILINGS	Decisions	Consent Judgments (CJs)		Dismissals	TOTAL DISPOSITIONS
					Stipulations Received	CJs Entered		
06-07 (As of 9.30.07)	2,946	199	3,046	69	2,146	2,304	1,440	3,814
05-06 (As of 9.30.06)	2,746	125	2,871	86	2,154	2,292	931	3,309
04-05 (As of 9.30.05)	2,131	86	2,217	74	1,637	1,552	974	2,600
03-04 (As of 9.30.04)	1,886	70	1,956	62	1,267	1,143	1,265	2,470
02-03 (As of 9.30.03)	2,380	65	2,445	29	703	591	843	1,463
01-02 (As of 9.30.02)	1,592	69	1,661	39	N/A	702	811	1,552
00-01 (As of 9.30.01)	1,168	130	1,298	70	N/A	1,098	1,081	2,249
99-00 (As of 9.30.05)	1,286	108	1,394	36	N/A	649	784	1,469
98-99 (As of 9.30.99)	2,077	132	2,209	48	N/A	613	766	1,427
97-98 (As of 9.30.98)	2,727	112	2,839	32	N/A	675	510	1,217
96-97 (As of 9.30.97)	3,409	102	3,511	N/A	N/A	N/A	N/A	1,502
95-96 (As of 9.30.96)	N/A	N/A	1,354	N/A	N/A	N/A	N/A	N/A
94-95 (As of 9.30.95)	1,293	101	1,394	N/A	N/A	N/A	N/A	N/A
93-94 (As of 9.30.94)	2,460	175	2,635	332	N/A	2,688	1,034	4,054
92-93 (As of 9.30.93)	2,186	136	2,322	70	N/A	1,255	590	1,915
91-92 (As of 9.30.92)	1,412	165	1,577	139	N/A	1,312	694	2,145
90-91 (As of 9.30.91)	2,355	182	2,537	102	N/A	883	689	1,674
89-90 (As of 9.30.90)	1,966	95	2,061	40	N/A	550	294	884
88-89 (As of 9.30.89)	1,368	166	1,534	98	N/A	693	346	1,137
87-88 (As of 9.30.88)	1,130	201	1,331	233	N/A	505	558	1,296
86-87 (As of 9.30.87)	930	145	1,075	70	N/A	53	148	271
85-86 (As of 9.30.86)	669	232	901	110	N/A	673	485	1,268
84-85 (As of 9.30.85)	863	190	1,053	96	N/A	1,012	652	1,760
83-84 (As of 9.30.84)	1,186	334	1,520	83	N/A	863	506	1,452
82-83 (As of 9.30.83)	1,222	333	1,555	118	N/A	900	580	1,598
81-82 (As of 9.30.82)	1,711	274	1,985	138	N/A	816	403	1,357
80-81 (As of 9.30.81)	1,244	229	1,473	89	N/A	625	301	1,015
79-80 (As of 9.30.80)	1,323	5	1,328	143	N/A	616	340	1,099
78-79 (As of 9.30.79)	711	58	769	110	N/A	518	231	859
77-78 (As of 9.30.78)	746	137	883	75	N/A	543	277	895
76-77 (As of 9.30.77)	N/A	N/A	543	N/A	N/A	N/A	N/A	388
75-76 (As of 9.30.76)	N/A	N/A	1,414	N/A	N/A	N/A	N/A	983
74-75 (As of 9.30.75)	N/A	N/A	1,499	N/A	N/A	N/A	N/A	911

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